



Rebuild Iowa Office

Governor Chester J. Culver
Lt. Governor Patty Judge
Lt. Gen. Ron Dardis, RIO Executive Director

Business Disaster Case Management Task Force Meeting Notes

Tuesday, Aug. 10, 2010
1 p.m. – 5 p.m.

Rebuild Iowa Office, Conference Room 2

Dial in: 1 (866) 685-1580
Call-in code: 0009991910

In attendance: Joe Brandstatter (LSA), Susan Dixon (HSEMD), Joe Folsom (SBA), Bob Harschnek (Cedar Rapids Chamber), Jim Heckmann (SBDC), Susan Judkins Josten (RIO), Liz Kennedy (Ahlers Law Firm), Meridith Marshall (IDED), AJ Mumm (IEMA), Joe Myhre (IARC), Ann Poe (RIO), Mike Rizor (ABI), Jacqui DiGiacinto (RIO) and Julie Struck (RIO).

Via Phone: Deb Crosser (PDI), Francisco Molina (SIP), and Rep Kirsten Running-Marquardt.

Unable to participate: Representative Betty DeBoef, Senator Shawn Hamerlinck, Jim Henter (IRF), Senator Rob Hogg, and Maureen Osaka (Affected business owner).

Review of the Minutes: Motion to approve made by Mike Rizor, seconded by AJ Mumm. Minutes approved.

Miscellaneous business: Confirm the plan for the meetings going forward as outlined by an email from Jim Heckmann. Task force approves of the meeting schedule and suggested agendas moving forward.

Discussion of issues that face businesses during a national disaster: Is there a business segment that can be ignored or placed on the low end of the priority list because they have resources? Susan Dixon: In 2008 the state worked with larger companies on issues like steam in Cedar Rapids; otherwise they need to work with their emergency managers for initial recovery. Mike Rizor: Larger companies don't need to take advantage of programs like those discussed in business program document; larger companies deal with issues like "who do I talk to about getting back in my plant?" Jim

Heckmann: There seem to be more logistical issues than financial issues when relating to larger companies/corporations.

Issues faced by businesses following catastrophic disaster:

- Not being able to get into facilities to save what they have
- Business records destroyed in disaster
- Equipment, supplies and inventory destroyed or lost in disaster
- Interruption of business
- How to serve critical clients
- How do you sustain services; customer critical services i.e. Meals on Wheels, hospitals, human services
- Communication to employees, community, emergency managements
- You may be up and running by the business climate has changed, your customers may not be up and running
- Change in pre-disaster market verses post-disaster market
- Damage assessment; being able to identify your loss
- Employees: loss of housing units, temporary/permanent loss of jobs, availability of workforce (especially business critical employees)
- Access to critical information; where do I go next, who do I go to?
- Who's in charge of this recovery? Identifying resources
- Media relations; managing message
- Emotional devastation of business owners and employees – there are mental health resources to get through the disaster
- There was a trust factor – proprietary information (trying to keep your competitive edge in the market place)
- Small businesses may not trust the chamber, may not trust government, may not trust the system
- Health and Safety issues – not knowing what dangers are associated with disaster impacted locations
- There may be solutions outside of business case management that will deal with some of these topics
- Availability of cash – lack of revenue, needing to pay employees, yet still pay for recovery
- Barrier to getting help – the onerous application process for funds
- Articulation of various departments and agencies – federal and state
- The slowness of governmental processes
- Businesses move at a rapid pass where government runs at a more disciplined pace
- Ease of use for particular resources

- Time sensitive issues for applying for help – private insurance and government programs
- Lack of appropriate business disaster recovery programs
- Loss of or unavailability of records/information – business disruption – computer systems down
- Disposal of damaged goods
- Clean-up – environmental and health challenges
- Timeliness of programs – being able to make decisions on your business without knowing what type of recovery assistance you will have access to - uncertainty of resources
- Difference between cash flow and disaster recovery specific money
- How do we define a business? Home-based businesses? Landlords?
- Customer hears of a disaster in your specific area and the customer then decides to “supply” somewhere. There needs to be a way to provide customers faith that your business is still functioning or coming back after disaster. Keeping customers, vendors, suppliers informed as business partners. Rumor control.
- Managing expectations – public relations – setting realistic timelines – attainable application process
- Response verses recovery – there should be an element of both in this report
- Recovery starts during the response phase, what you do during response can help you in your recovery phase – immediate life/safety issues and property conservation phase
- Differentiate between natural-disaster related issues and economic-disaster related issues.
- What is the goal of recovery – bringing the business back to where they were functioning before disaster
- Disengaging in the recovery process – mentally the business owners can’t handle the stress of the disaster
- Lack of case managers – lack of someone who knows how to recover
- Competition (true or perceived) for dollars among businesses, governments, private/individual needs, housing, etc. – emotion takes over. The awareness and stability of programs going in can help manage these issues
- Programs designed in the matter of abstract not emotion

Can we divide these items by pre-disaster solution and post-disaster problems?

- Disaster preparedness plans – with the assistance of EDA the councils of government have developed plans – someone assigned to be the communications contact, someone be responsible to turn the breaker panel – someone be responsible acting is leader of disaster plan – this plan must be exercised

- How do you make small businesses that have not experienced a disaster see the importance of a disaster preparedness plan?
- Immediate competitive edge should be shown for the benefit of disaster preparedness plans
- Standard business plan template should include a disaster preparedness component
- Incentive from the insurance industry for disaster preparedness planning
- We should be making incentive based programs not mandate-based suggestions
- If we want access to federal recovery dollars, we need to have a plan in place for disaster preparedness planning i.e. hazard mitigation plan (that is exercised regularly) in place to have access to hazard mitigation dollars
- You can get a better cost-share of case management programs if you have a disaster preparedness plan
- Grants to develop disaster preparedness plans and exercise the plan
- How do we get to the small business so we can get this information to them?
- Disaster preparedness plans are much like insurance, you can take on the risk to not be insured
- There is no real immediate cost to developing a disaster preparedness plan – how do we get them #1 aware of such a plan and #2 to buy-in to the need for such a plan
- Chambers of Commerce, Emergency Management Association, etc are good ways to reach the small businesses
- Disaster preparedness plans help mitigate the risk, but it doesn't eliminate the risk
- Business case management needs are pre-disaster
- How do you engage thousands of small businesses?

What worked in 2008 and what didn't work?

WORKED: The Cedar Rapids Chamber lead an initiative to gather around \$6 million dollars to get into the hands of business owners. What worked: the money was quickly gathered/the application process went quickly/the money came with few strings attached (half the money came from the city, some came from the Chamber, some came from Priority One, some came from local businesses), a combination of private and city support. Awards were given in the maximum amount of \$30,000 per business. It was a combination of forgivable loan (they had to stay in business for a specific period of time) and the other portion was a grant. These awards were given for a "general purpose". Money went out to applicants within 3-4 months.

WORKED: Homeland Security Grants made available in HF64. It was state funding with very few strings attached. These funds in Cedar Rapids paid the first effort of

Business Case Management. HF64 funding was flexible – it just had to fill gaps that were otherwise not funded.

WORKED: Jumpstart State. If the state did this program again it would definitely be a good program – we would be more general with the purpose of the funds. (HUD wants to know the purpose of which the funds were provided – not the use of the funds.)

DIDN'T WORK: The Stafford Act is an impediment keeping dollars out the door – through the DOB process. You don't ask for federal assistance until you get all state funds exhausted.

DIDN'T WORK: CDBG programs are reimbursement programs – CDBG funds were not designed for disaster recovery. We go to these funds because of the programmatic flexibility. CDBG funds come with restrictions on Davis Bacon, lead based paint, historical preservation, etc.

DIDN'T WORK: Federal funds often carry inflexible rules.

WORKED: A database for tracking and data gathering in regards to affected businesses. DIDN'T WORK: It became proprietary and there was a trust factor that inhibited business' contributing information.

DIDN'T WORK: There is no central data collection. In 2008, too many businesses had to provide the same data time after time again. There were privacy legal issues – we'd need a similar process to the college application process – fill out one uniform form that is accepted by all programs.

WORKED: SBA launched an online application process. Through this effort SBA was able to open some doors to data sharing with other federal agencies.

WORKED: SBA's verified loss process has been helpful in serving the purpose of documenting the loss after disaster. When a disaster application is submitted, it triggers a "loss verifier" to go out and do an in-person loss verification and then information gathered at in-person interview is transmitted immediately to start the loan process.

DIDN'T WORK: Being able to quickly establish the need of the business community.

DIDN'T WORK: There was no already established contact list for businesses in disaster affected areas.

Strategy moving forward...

Report to the Governor and Legislature:

- Observation of business disaster recovery
- Experiences of what has worked in 2008
- Impediments to business recovery in 2008

- What can help mitigate these problems in the future
- Then make specific recommendations for future business case management

Closing Thoughts on Case Management and Disaster Recovery:

- Someone who helps assess the business recovery need
- Someone who helps walk affected business owners through the application process
- Someone who helps affected business owners review business plans and marketing plans in a changed environment/market
- Someone who helps affected business owners get money – through recovery programs, securing bank financing, give advice on tapping into personal reserves (Problem in Cedar Rapids is they are fixing short-term needs with long-term debt. We need to protect the businesses from having to go too far into debt to recovery.)
- It is incumbent on the case managers to provide long-term advisory resources to businesses.
- In individual case management – NGOs provide the staff for case managers. They can stand up the program at the time of need and then lay it down when the services are provided. Who is the natural staff to do business case management?
- OSBDC (division of SBA overseeing SBDCs) should have a reserve fund set aside for disaster recovery. There is always a disaster every year and the SBDCs are always asked to help in disaster recovery. Money needs to be set aside for case management – not just to get dollars to affected businesses.
- We need to figure out a way to not be dependent on federal funds and have specific resources set aside specifically for disaster recovery.
- If there was a method for collecting specific disaster related revenue – the funds are not tax dollars, the private sector would be paying for it.
- What happens when we get this money – who defines what a catastrophic event verses an election year declaration.
- Are there businesses willing to add to a pot for disaster recovery? Like Embrace Iowa?
- The speed of disbursing funds could play into natural disaster verse economic disaster. If the funds got out as soon as the natural disaster happened instead of months later – you could better associate disaster needs rather than economic impact needs

Top 5 Drivers to Remember for Business Disaster Case Management

Recommendations:

- 1.) NEED FOR SPEED FOR RECOVERY
- 2.) NEED FOR MONEY (with as few strings attached as possible)
- 3.) INTERRUPTION OF BUSINESS
 - LACK OF ACCESS TO FACILITIES
 - LOSS OF RECORDS
 - LOSS OF EQUIPMENT, SUPPLIES AND INVENTORY
- 4.) MANAGING EXPECTATIONS
- 5.) LOSS ADJUSTMENT & MEASUREMENT

Next Meeting:

Tuesday, Sept. 14, 2010
1 p.m. – 5 p.m.

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502 E. Ninth Street, Des Moines

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